

Annual Report FY 2015

State Employee Workers' Compensation Services



Virginia Department of Human Resource Management



Introduction

State Employee Workers' Compensation Services (WCS) is a self-insured program providing claims administration and cost containment services for 8,000 to 9,000 Virginia state agency workers' compensation claims each year.

The program was outsourced on July 1, 1998 in a public-private arrangement. The program has continued under this model to the present day with contract staff working side-by-side with program staff on the 6th floor of the James Monroe Building.

The program was transferred from the Department of General Services Division of Risk Management (DRM) to the Department of Human Resource Management (DHRM) on July 1, 2000. To-day, a staff of three return-to-work specialists, one quality assurance specialist and a director manage this \$9.96 million contract including nearly 60 dedicated contract staff.

This report reflects the program's experience during the five years of the contract concluded on June 30, 2015.



The Program

Our Mission

- Protect Virginia state employees from financial loss due to lost work and wages, medical expenses, and other costs associated with a covered workers' compensation injury
- Under Executive Order 109 (10) Workplace Safety and Employee Health, provide loss control services to our client agencies, offering advice and guidance to strengthen agency safety and loss control efforts
- Provide resources to assist agencies with their return-to-work efforts to help promote early, safe return to productive employment following a work-related injury

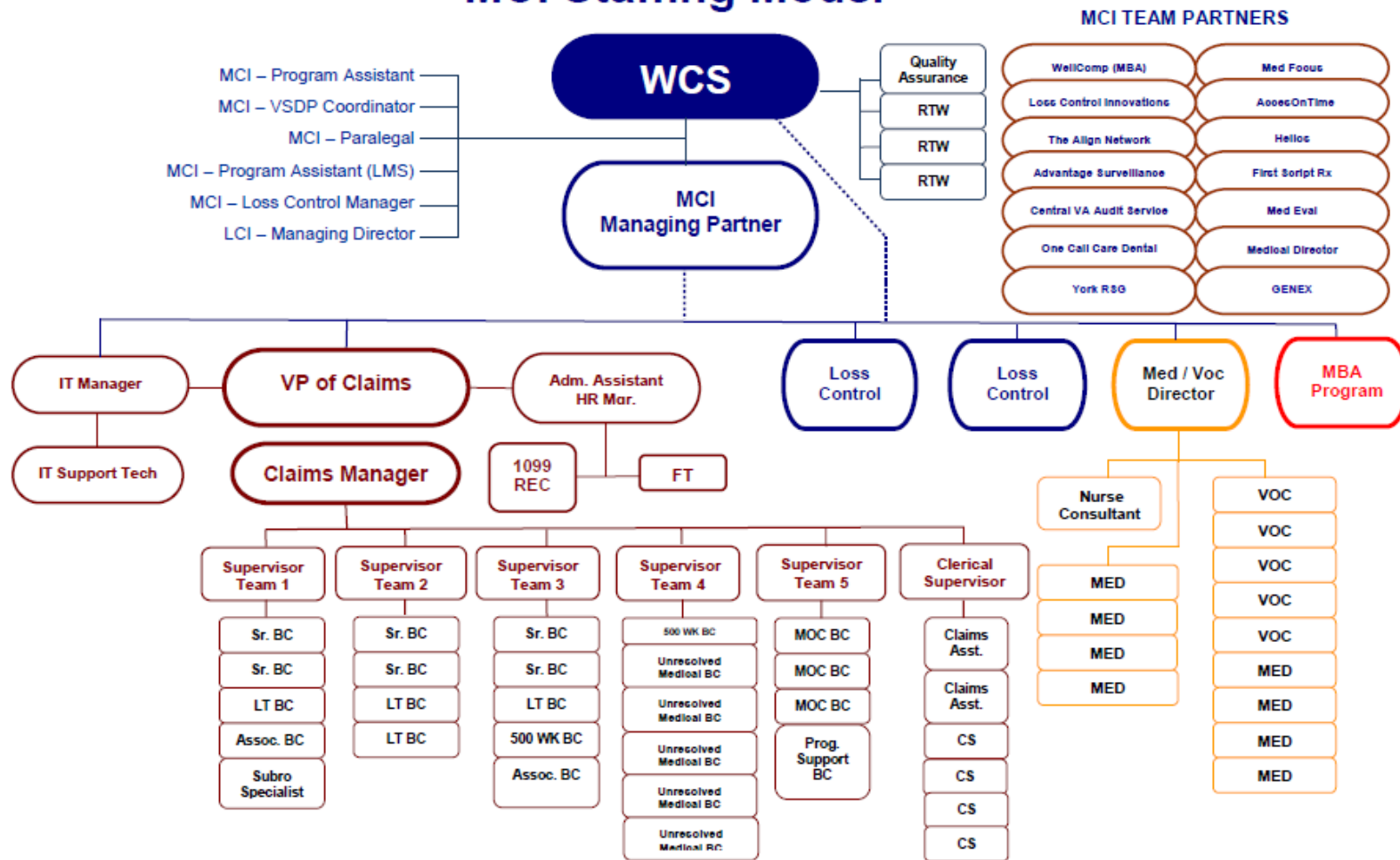
Program Elements

- Contractors perform most program operations. DHRM manages the program and works with state agencies by developing instructions and training and serving as a resource to agencies.
 - Claims Administration & Cost Containment Services Contract - MC Innovations, LLC
 - Auditing Services Contract - Keiter
 - Actuarial Services Contract - Oliver Wyman Actuarial Consulting

MC Innovations is the program's General Contractor, bringing the best of the best in sub-contractors to the program.

The Model

MCI Staffing Model



August 2015

MC INNOVATIONS TOTAL PROGRAM MANAGEMENT

Key Measures

Customer Satisfaction Surveys

The WC Program administers a customer satisfaction survey of all client agencies to ensure the delivery of key program requirements under the contract. Surveys are distributed at the end of each fiscal year to over 200 agency representatives. Results are used to drive a model of continuous improvement in the administration of claims and are one of three key measures of our performance.

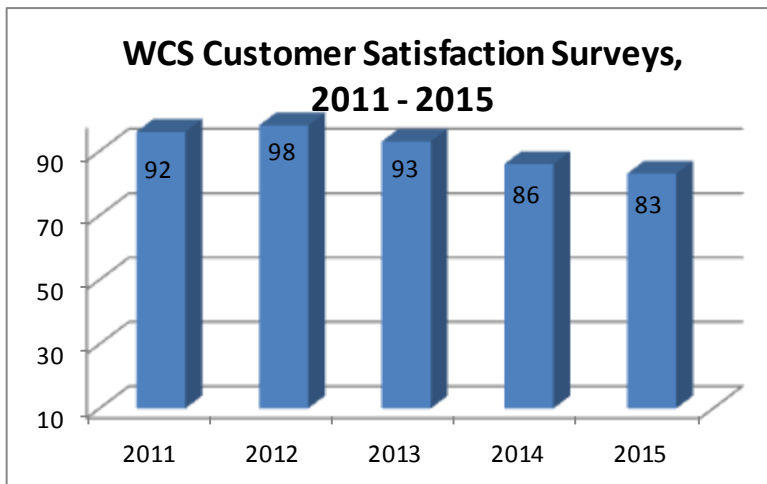
The survey instrument measures the frequency of contact, timeliness of agency communication, accuracy of information, the courtesy of the MCI representatives, timeliness of payments and overall satisfaction. Results are analyzed by category and are reviewed with the MCI team partners to identify opportunities for improvement. The results are shared with staff to emphasize the areas where customer satisfaction is good and where improvement is needed. Action items are identified and implemented.

- Contractual stretch goal : 92% rating the program overall as good or better.
- Agency goal as of 7/1/06: 90% or more rating the program overall as good or better.

The program has met the agency goal 6 out of 10 years since 2003, but the past two years have returned results below the goal. The WCS and MCI management team appreciate the comments shared

by our customers on the July 2015 survey. After a thorough review of this year's results, it is clear that work remains to be done:

- Compensability lag time
- Communication
- Bill payment/treatment approval



Key Measures

Customer Satisfaction Surveys

Why the decrease in scores?

- Unmanageable caseloads
- Transition to new claim & medical bill adjudication platforms
- High turnover due to recovering economy
 - FY 14—29.7%
 - FY 15—27.5%
- Difficult to fill vacant positions—full staffing achieved in mid-June

Several actions have been taken to produce manageable caseloads and improve our customer service:

- Added 3 new Benefit Coordinator Positions
- Added 1 new supervisor position (reduces span of control)
- Weighted complexity and reclassified claims to align similar cases on desks with corresponding Benefit Coordinator expertise
- Aligned diary intervals to match the complexity of the claim
- Allowed Nurse Case Managers to approve certain procedures on compensable claims
- Changed call routing for medical provider claims
- Modified procedures

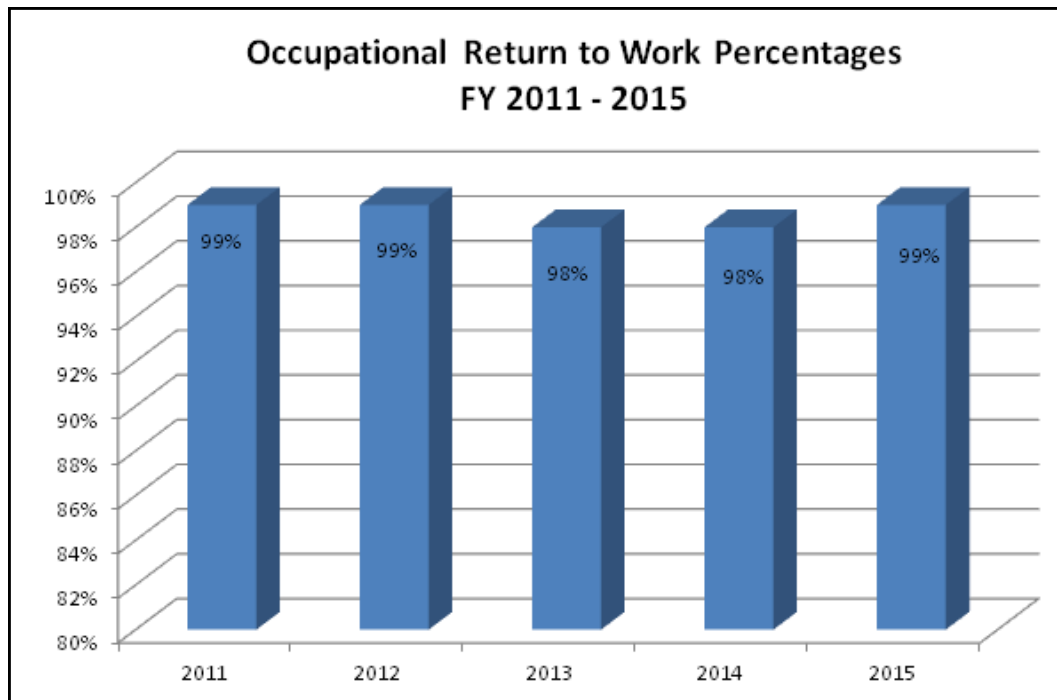
Key Measures

Customer Satisfaction Surveys

What else?

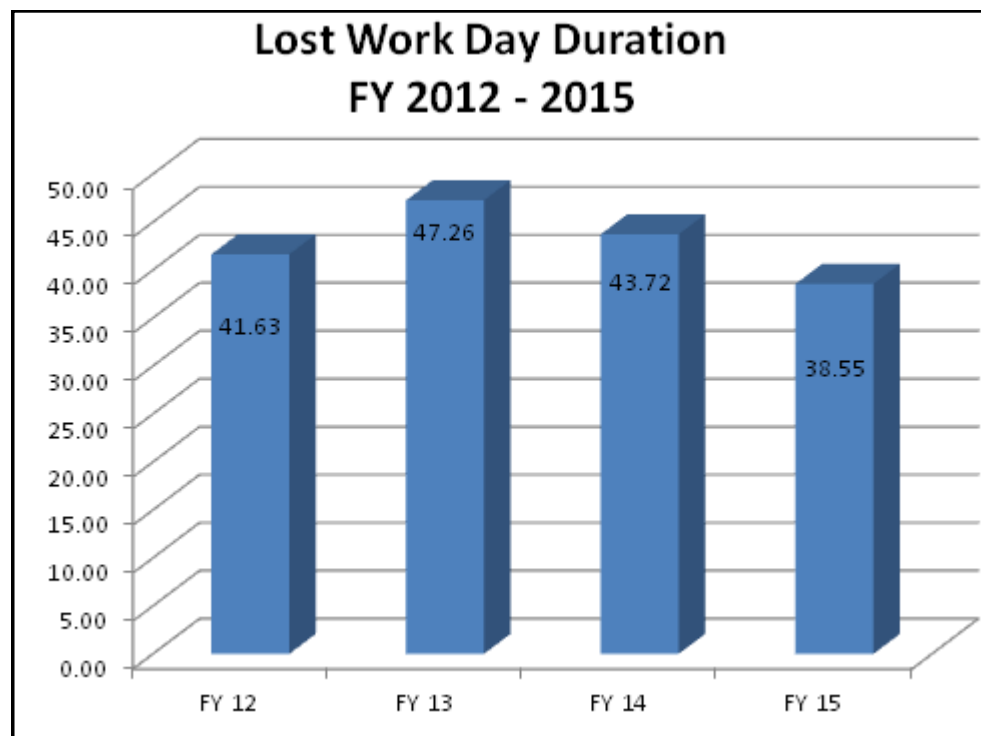
- Focus groups with agencies from each Secretariat are planned to commence in the coming months to help focus efforts on areas most important to our customers
- Ongoing quality audits for contract compliance
 - Workers' Compensation Services audits
 - MC Innovations audits
 - York quality audits
 - SOC 1 compliance audits
- Staff stabilization and training
- Visual Liquid Web enhancements coming Fall 2015

Return-to-Work Statistics



The WC program staff includes three members dedicated to assisting injured state workers return to productive employment. This unit, established in September 2006, undertakes a review of each executive branch agency's annual [EO 109 \(10\) Workplace Safety and Employee Health](#) report, and reviews each transitional duty refusal to assist our client state agencies to return our valuable employees to the workplace. The annual return-to-work rate for occupational injuries is our office area's second key measure.

Lost Work Day Statistics

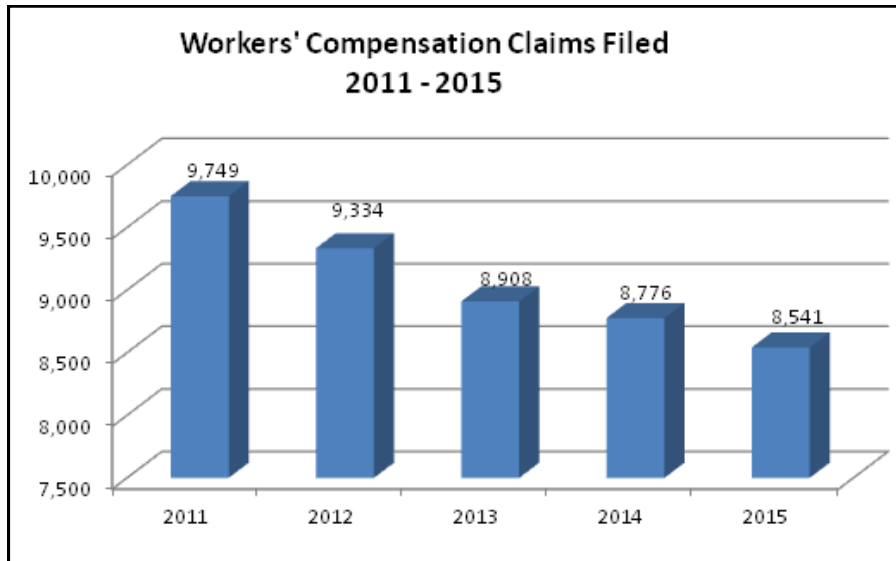


The WC program has established a third key measure, reduction in lost work day duration, which will help us measure our success in driving down the number of lost work days associated with workers' compensation claims.

This measure compares average disability duration per claim (lost work days divided by number of claims with lost work days).

Beginning FY 15, the contractual stretch goal will be a 10% reduction in lost work days. MC Innovations reports an 11% reduction in lost work days in FY 15.

Reported Claims – Five Year History



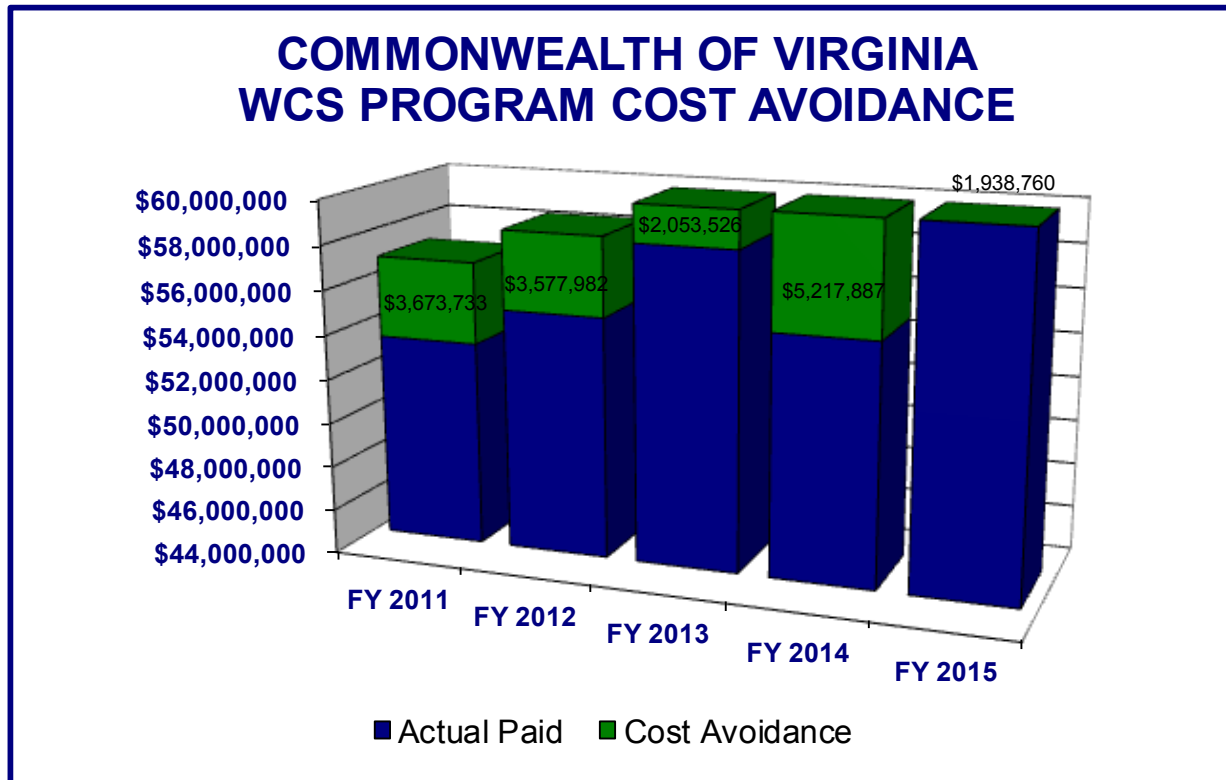
Over the last five years, the number of claims filed has dropped by 12%. The decrease reflects in part a concerted effort by agencies to reduce workplace incidents, in part to reduction in the state workforce, and in part to loss control efforts of agencies and the program.

Although overall claims have dropped, it is interesting to note that the number of medical only and indemnity claims have actually risen about 4%. A reduction in Record Only claims does not serve to reduce the workload for claims and this small increase in the number of claims assigned to Benefit Coordinators may also have exacerbated the unmanageable workloads corrected by the weighting study and reclassification of claims this year.

Claim Costs and Cost Avoidance

Since FY 2009, the program tracks cost avoidance experienced under the outsourced program by comparing spend against actuarial projections for expected spend based on experience under MC Innovations' contracts since 1998. **The program has achieved cost avoidance over actuarial projections in this model from FY 09 through FY 15 totaling 21,267,122.**

The chart illustrates the past 5 year history.

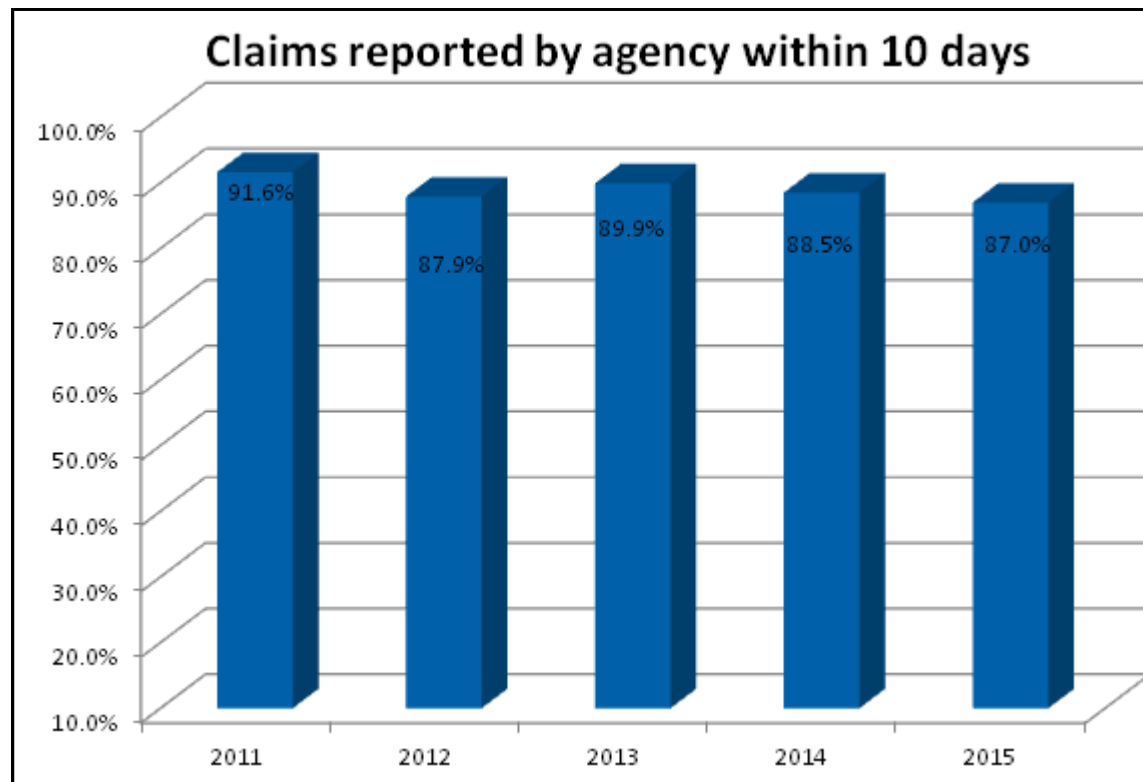


Claims reporting

On July 1, 2008, the Program implemented Visual Liquid Web (VLW), a web-based process for filing claims.

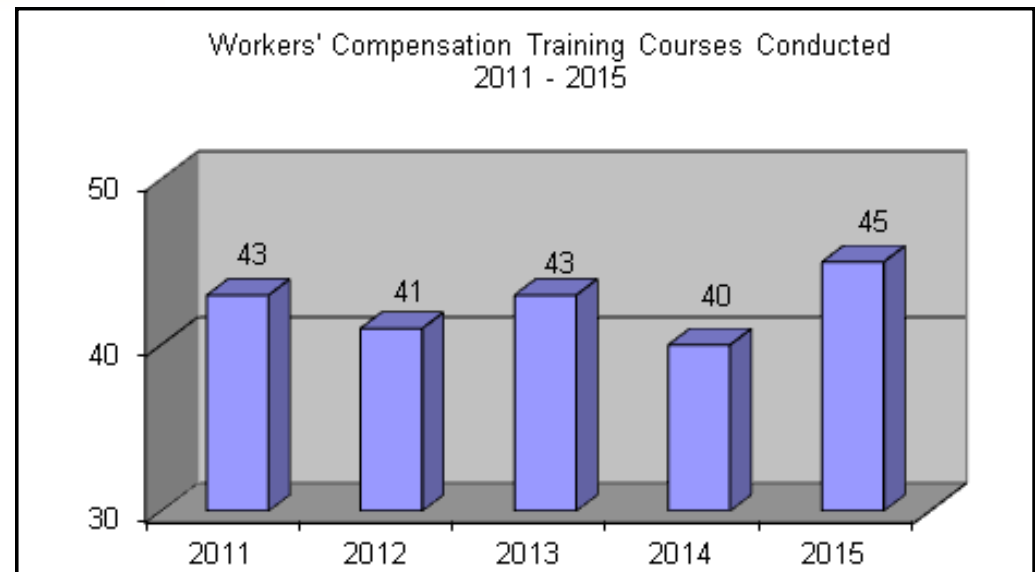
The lag time between notice of injury to the agency and the agency notifying MCI has decreased compared to paper claim submission.

Prior to VLW, only 82.4% of claims were reported within ten days. Within the first year of on-line claim reporting, the percentage increased dramatically, reaching a peak in FY 2011.



Training Programs

WCS offers training programs to promote knowledge advancement of state agency workers' compensation coordinators, safety officers, return-to-work coordinators and others involved in workplace safety and health or coordination of agency workers' compensation claims. These courses consist of scheduled training offered in-person and by webinar, web-based courses in the Commonwealth of Virginia Knowledge Center, and training on specific safety and health topics requested by our client agencies. With a goal of 36 per year, this chart displays our results over the past five years.

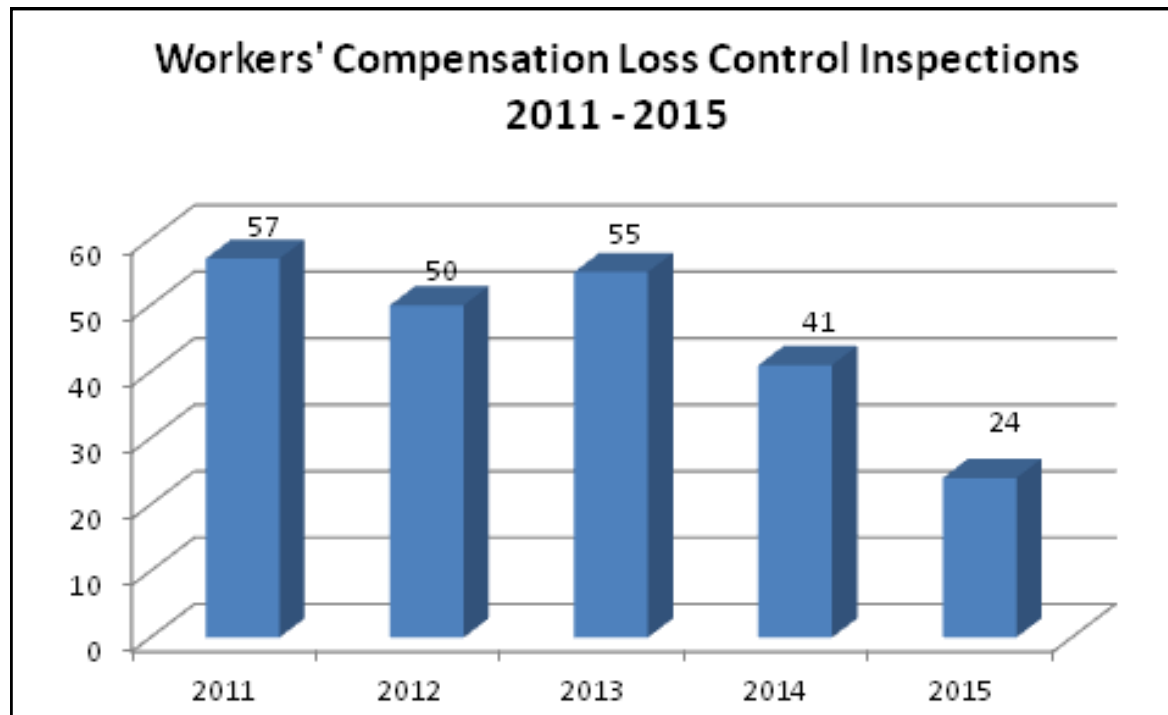


In addition to these short course training programs, the WC program jointly sponsors the Virginia Risk Control Institute with Treasury's Division of Risk Management and Virginia Commonwealth University. This program consists of a Risk Management Track and a Risk Control Track, each with five undergraduate courses covering important loss control and risk management topics. The program is designed to develop a strong cadre of knowledgeable safety, loss control and risk management professionals within Virginia state government agencies with the goal of recognizing and reducing hazards that may cause injury or illness to agency employees or visitors.

The WC training manager provides additional training opportunities for all Commonwealth of Virginia staff. WCS provides SHRM training that is otherwise unavailable to state employees at a value rate.

Loss Control Inspections

The WC program contract requires two inspections per month per consultant with a total of 24 per year contractually beginning July 1, 2014 with the reduction to one consultant (previously 48 per year with two consultants). These inspections are designed to identify conditions that are causing or are likely to cause serious injury, illness or death to employees of Virginia state agencies. Each inspection results in a report outlining the consultant's findings and providing recommendations to reduce or eliminate the identified hazards in a proactive effort to prevent future injuries and illnesses. The program's five year results are shown.



Workers' Compensation Top 5 Lists

Top 5 occupations with the highest number of claims

<i>Nurse/Aide/Doctor</i>	<i>1751</i>
<i>Corrections Officer</i>	<i>880</i>
<i>Police Officer</i>	<i>486</i>
<i>Food Service Worker</i>	<i>386</i>
<i>RN (Registered Nurse)</i>	<i>356</i>

The most frequent type of work-related claim continues to be in the service-related fields. Lifting, moving, and assisting patients as well as aggressive acts by patients, inmates, and police suspects are the most common causes of injuries.

Top 5 most costly accident types

Struck or Injured by Fellow Worker; Patient or Other Person
Strain or Injury by Lifting
Fall, Slip, or Trip Injury on Same Level
Fall, Slip or Trip Injury on Ice or Snow
Strain or Injury by Not Otherwise Classified

The "Miscellaneous" category encompasses many types of claims including strains, falls, and vehicle accidents not initially classified correctly.

Top 5 Loss Causes for Work-Related Injuries

Patient/Inmate
Miscellaneous
Vehicle/Car/Truck
Walking Surface, Outside, Wet Floor

Top 10 Agencies— Severity

Agency	Total Paid	Outstanding	Incurred	# of Claims
720 - Behavioral Health & Developmental Svcs	2,110,985.73	3,536,298.69	5,647,284.42	2,231
701 - DEPARTMENT OF CORRECTIONS	1,379,149.28	1,522,856.82	2,902,006.10	909
501 - HIGHWAYS & TRANS, DEPT OF	943,712.40	1,867,799.55	2,811,511.95	403
156 - STATE POLICE	948,279.06	1,162,731.21	2,111,010.27	665
209 - University of Virginia Health System	564,721.42	752,029.21	1,316,750.63	744
777 - DEPT. OF JUVENILE JUSTICE	481,330.45	619,860.90	1,101,191.35	333
208 - VPI STATE UNIVERSITY	335,626.42	529,936.70	865,563.12	667
207 - UNIVERSITY OF VIRGINIA	298,950.13	432,571.88	731,522.01	240
236 - VIRGINIA COMMONWEALTH UNIVERSI	143,067.03	485,335.41	628,402.44	140
261 - VA COMMUNITY COLLEGE SYSTEM	187,231.16	369,810.41	557,041.57	217

Factoids

- ***Most injuries occurred between 10:00 a.m. and noon***
- ***38% of claims involved employees with 0 to 4 years of service***
- ***30% of claims involved employees between 45 and 54 years of age***
- ***Nearly 55% of injured workers were male***